

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 2906 - SB 2824

February 8, 2010

SUMMARY OF BILL: Requires the Commissioner of Revenue, in consultation with the Commissioner of Economic and Community Development, to develop a small business development credit program where qualified small businesses receive franchise and excise tax credits when such businesses make the required capital investment and create new employment opportunities. The amount of any such tax credit shall be determined by the Commissioner of Revenue and be based on the number of new qualified jobs created. Requires the cumulative amount of tax credits not exceed \$3,000,000 in any fiscal year.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue – Up to \$3,000,000

Other Fiscal Impact - There could be an additional impact to state and local government resulting from subsequent economic development occurring as a result of this proposed program. However, any such additional impact is considered secondary, dependent upon whether any such development would have occurred in the absence of this legislation, and very difficult to estimate.

Assumptions:

- The fiscal impact of this bill is dependent upon several unknown factors such as the number of small businesses that will qualify, the extent of capital investment made by each small business, the number of new jobs created, and the amount of credit as established by the Commissioner of Revenue.
- Given the extent of unknown variables, and taking into consideration the established limitation for the cumulative amount of tax credits authorized, the decrease to state revenue is estimated as an unknown amount up to a maximum of \$3,000,000 per year.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White".

James W. White, Executive Director

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